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## **OLR Bill Analysis**

### **HB 5280**

#### ***AN ACT ADJUSTING NURSING HOME RATES FOR PHYSICAL PLANT IMPROVEMENTS.***

#### **SUMMARY:**

This bill requires the Department of Social Services (DSS) commissioner, for FY 2012, to add fair rent and moveable equipment depreciation allowances for items listed as in service in nursing home cost reports for years 2008 through 2011. These allowances must not have been included in rates issued between July 1, 2009 and June 30, 2012. Since FY 10, DSS has allowed fair rent increases only to facilities with approved certificates of need.

The bill's fair rent and moveable equipment allowances for FY 13 must be added to the rate otherwise effective for that period. This does not affect adjustments to a facility's allowable fair rent or moveable equipment depreciation for items placed in service in cost-report periods prior to 2008 based upon full amortization of an asset or adjustments to the annual rate of return made pursuant to DSS regulations.

EFFECTIVE DATE: July 1, 2012

#### **BACKGROUND**

##### ***Fair Rent***

Fair rent is calculated in lieu of mortgage interest, other financing costs, and depreciation related to certain property, including land, buildings, and non-movable equipment. Its purpose is to equalize yearly payments and reduce fluctuations that might otherwise vary significantly from year to year.

#### **COMMITTEE ACTION**

Human Services Committee

Joint Favorable

Yea 16 Nay 0 (03/22/2012)